



THE CITY OF NEW YORK  
OFFICE OF THE MAYOR  
NEW YORK, NY 10007

TESTIMONY OF  
  
MICHAEL R. BLOOMBERG  
  
MAYOR  
CITY OF NEW YORK

BEFORE THE  
  
COMMITTEE ON HOMELAND SECURITY  
U.S. HOUSE OF REPRESENTATIVES  
JUNE 21, 2006

Chairman King; Congressman Thompson; members of the committee: Good morning. Thank you for inviting me to testify before you, and let me introduce to the members of the committee New York City's Police Commissioner, Raymond Kelly.

I want to thank you, Chairman King, for calling this hearing. It's more evidence of your longstanding, principled determination to make risk and threat the basis for Homeland Security funding.

Today's hearing is entitled "DHS Preparedness Grants: Risk-Based or Guesswork?" That question certainly captures the sense of bafflement produced by DHS's recent allocation of Urban Area Security Initiative, or "UASI," funds for Fiscal Year 2006.

New York City and Washington DC—represented this morning by my colleague and co-panelist, Mayor Anthony Williams—have been, and continue to be, the nation's prime targets for terrorist attack.

New York is the nation's financial capital... its media center... and the headquarters city of the United Nations, for which the NYPD provides security, and for which services our city is currently owed some \$75 million by the U.S. State Department. This is debt that has accumulated for years; talk about "deadbeats" at the UN!

Our prominence explains why the streets of Lower Manhattan were the first battleground in the war on terror. And New York City and the nation's capital remain the only American cities to have sustained terrorist attack originating from overseas.

The written testimony that I am submitting to the committee discusses 18 separate planned, attempted, or successful attacks in New York City—18 chapters in our city's history with terrorism. They go back to 1990, and include al-Qaeda's aborted plot—according to recent reports—to release deadly cyanide gas in our subway system in early 2003.

Yet despite this history, DHS's grant allocation reduces Federal support for vital anti-terrorist activities in New York City by 40%. This is \$83 million less than we received from DHS last year.

The logic of that is, to borrow the words of Winston Churchill, truly "a riddle, wrapped in a mystery, inside an enigma."

That's not because there has been any shortage of explanations from DHS; on the contrary, we've heard an abundance of them. But none has satisfactorily answered the question: "How could a rational process produce such a dysfunctional conclusion?"

The Department of Homeland Security was created in November, 2002. From the outset, New York City has energetically taken the lead—before Congress, at the White House, and in testimony to the 9/11 Commission—in arguing that DHS grants to localities should be allocated solely on the basis of risk and threat.

Former DHS Secretary Tom Ridge repeatedly told us that those were the criteria he would apply to local funding if he were freed from Congressional restrictions that DHS funds be allocated using a per capita formula.

In response to our arguments, the UASI program was established in Fiscal Year 2003. It has always been intended for "high-threat" cities. New York City and Washington DC were originally on a list of just seven such high-risk cities.

But, in typical fashion, that number subsequently ballooned to 50, and, in this fiscal year stands at 46. Is this the spirit of "high-threat" allocation? No! Instead, it makes the program the kind of political pork barrel it was specifically designed to avoid, contributing to the preposterous under-funding of Homeland Security in New York City for the current fiscal year.

Also because of our efforts, in Fiscal Year 2005, the Department's Secretary was given discretion to award 60% of Homeland Security block-grant money based on risk. This was a step forward, although we continue to believe that all Homeland Security grants should be based solely on risk.

I applaud this committee's decision to review the entire decision-making procedure and methodology used by DHS in awarding its grants, because it is a process that appears to be fundamentally broken.

I suggest you take a wide-ranging approach—to reassess, for example, the role of the peer review panels that evaluated funding applications.

I hope you will also revisit Congress's prohibition on using DHS funds for so-called "target hardening" construction projects that would make infrastructure installations less vulnerable to attack.

I urge you to ask if, by reviewing requests to protect more than a quarter-million "critical" infrastructure facilities across the nation, DHS committed the classic error of losing sight of the forest for all those trees. Just because a facility is "critical" doesn't make it a likely target—and that's the test that ought to be met in allocating "high-threat" funds.

I would especially ask you to focus on DHS's clearly and frequently stated predisposition against providing grants to support recurring costs—what they choose to call "supplanting" local effort.

For New York City, this is the heart of the matter. This bias on the part of DHS penalizes us for our aggressiveness and diligence in protecting our city.

To guard our city against terrorist attack, we spend more than \$250 million per year of our taxpayers' money in annual operating expenses. In addition, to better protect New York City, we need to invest close to \$1 billion over the next four years in counter-terrorism initiatives. From hardening our bridges and upgrading our communications infrastructure to implementing a comprehensive security plan for the Lower Manhattan financial district, these projects are crucial to protecting all New Yorkers.

In the face of such substantial needs, DHS's refusal to pay recurring costs puts unnecessary burdens on our city. After 9/11, for example, New York City very sensibly increased aerial surveillance of our watershed reservoirs. But DHS has denied requests for funds to support this

program on the grounds that, since New York City has been covering the costs ourselves, we can just continue to do so.

Under that reasoning, if we'd been negligent, and not stepped up these surveillance flights, then we'd now be eligible for Federal funds to start them—a prime example of dysfunctional bureaucratic logic.

DHS's bias against supporting recurring local costs punishes New York City for the effectiveness of all our locally funded counter-terrorism and intelligence activities—

Efforts which have been deemed models for the nation by former Secretary Ridge, FBI Director Robert Mueller, and other leaders in the counter-terrorism community, both inside and outside of government. I would argue that they're better qualified to judge the effectiveness of our efforts than are members of a peer review panel who may not live in major urban areas.

In particular, consider two of the NYPD's key initiatives: First, its Counter-Terrorism Bureau, which is so highly regarded that it has provided training to more than 800 Federal employees—including employees in the Department of Homeland Security.

And second, there is Operation Atlas, which deploys specially trained and equipped patrol units to protect the city's landmarks and critical transportation and financial infrastructure.

The effectiveness of such security was demonstrated in 2003. After repeated reconnaissance, an al-Qaeda operative called off the attempted sabotage of the Brooklyn Bridge, telling his controllers that “the weather is too hot”—a coded reference to the intense security on the bridge and in the waters of the East River.

That plot was not foiled by satellite-guided technology or other high-tech equipment; what protected our city was good old-fashioned “boots on the ground.” And that is precisely why we continue to assign approximately 1,000 of the NYPD's best officers to the department's counter-terrorism and intelligence divisions.

This year, we asked DHS to support both the Counter-Terrorism Bureau and Operation Atlas. But unfortunately, we have been told that the Department does not intend to help cover such day-to-day personnel expenses.

Members of the committee, I hardly know where to begin in stating my disagreement. But essentially, the question is whether you think, as we do, that investments in people are as valuable as purchases of hardware in protecting our country.

There is no doubt in my mind what the answer is. Nor is there doubt in the minds of Commissioner Kelly, or other experts in the realm of counter-intelligence and terrorism, or in the minds of the American people. The only doubt seems to arise from the bureaucratic “group think” at DHS, which has produced such a nonsensical conclusion.

Time and again, human intelligence has disrupted terrorist planning, from the plot to bomb a major subway station in our city during the 2004 Republican National Convention, to the conspiracy revealed earlier this month to attack targets in Ontario, Canada.

To make the most of human intelligence, we must train police officers throughout their careers in how to contend with emerging threats, and how to use the equipment that Federal funds may purchase. And we need ongoing Federal partnership in that effort.

It’s clear to me that we are still too slow in learning the most basic lesson of 9/11: That we now live in a fundamentally altered world, one requiring that we think anew and act anew.

In the area of Homeland Security, that means establishing a dynamic partnership, for the long haul, between Federal and local authorities. We must, for example, recognize that the ongoing and painstaking work of training intelligence analysts in the NYPD is a shared responsibility—one vital to all Americans.

Over the years, we have fought long and hard for the rational allocation of Homeland Security funds on the basis of risk. Now, sadly, we are losing ground we have gained. I hope that this hearing begins the process of setting things right again.

## **ATTACHMENT 1**

### **History of New York City and Terrorist Activities**

New York City's recent history with terror threats and attacks, as summarized below, belies any thought that the time has come to reduce our vigilance:

1. NOVEMBER 5, 1990: El Sayyid Nosair shot JDL leader Meir Kahane in front of the Marriot East Side Hotel in Manhattan. Nosair would later become a co-conspirator with blind sheikh Omar Abdul Rahman in a plot to destroy New York City tunnels and bridges.
2. FEBRUARY 26, 1993: New York City sustained the first terrorist attack on the World Trade Center, in which six innocent people were killed.
3. IN THE SAME YEAR, 1993, an al Qaeda plot to destroy the Holland and Lincoln tunnels, the George Washington Bridge, and United Nations Headquarters was uncovered, and the plotters successfully prosecuted.
4. MARCH 1, 1994: Rashid Baz, a Palestinian angered by an Orthodox Jew's attack on a Muslim holy site, drove his livery cab to the Brooklyn Bridge where he opened fire on a van occupied by Hassidic students, killing one of them – 16-year-old Ari Halberstam.
5. FEBRUARY 23, 1997: Abu Kamel, a Palestinian residing in Florida, selected the Empire State Building to carry out his intent of “annihilating” perceived enemies. He went to the observation deck on the 86<sup>th</sup> floor and shot seven people, including a Danish tourist who was killed. Kamel then turned the gun on himself and committed suicide.
6. JULY 31, 1997: the New York City Police Department stopped a plot at the last minute to bomb the subway complex at Atlantic Avenue in Brooklyn. The bombers were assembling the devices when police officers entered their apartment and shot and wounded them before they could detonate the bombs.
7. SEPTEMBER 11, 2001: The World Trade Center was destroyed by al Qaeda with the loss of 2,700 lives.
8. OCTOBER 2001: In the space of a week, employees and visitors of the New York Post, NBC, CBS, and ABC News in New York City fall victim to anthrax attacks. Later the same month a New York City woman died of inhalation anthrax because of cross contamination of mail she handled at work with that of the targeted media.
9. JUNE 2002: Security personnel from Iran's Mission to the United Nations were observed by NYPD videotaping landmarks and infrastructure. They were expelled from the United States by the State Department because of their suspicious activities.

10. LATE 2002 AND EARLY 2003: Al Qaeda operative Iyman Faris, on orders from his handlers overseas, twice examined the Brooklyn Bridge to evaluate the feasibility of destroying it.
11. EARLY 2003: According to published reports, United State authorities were concerned that Al Qaeda operatives had made plans to carry out a chemical attack on the New York City subway system, but American intelligence authorities concluded that the plot ultimately had been abandoned. The alleged attack called for using an improvised device to release cyanide into subway cars or other public spaces.
12. NOVEMBER 2003: Two more security personnel assigned to Iran's Mission to the United Nations were caught by the NYPD video taping tracks and tunnel of the Number 7 subway line as it entered the tunnel under the East River. They returned to Iran soon after the incident.
13. APRIL 10, 2004: Al Qaeda operative Mohammad Babar was arrested by NYPD detectives and FBI agents in Queens, New York for his role in a plot to bomb pubs, restaurants and train stations in London.
14. JUNE 2004: Once again, two more security personnel from Iran's Mission to the United Nations were caught - this time by the FBI - videotaping sensitive locations in New York. Suspected of conducting reconnaissance of New York City landmarks and infrastructure, they were again expelled by the State Department.
15. JULY 2004: A laptop computer of an al Qaeda operative overseas is recovered. On it are detailed reconnaissance plans that show al Qaeda operatives had been in New York City to plan an attack on the New York Stock Exchange, Citigroup headquarters in mid-town Manhattan and the Prudential building across the river in Newark.
16. AUGUST 2004: A week before the convening of the Republican National Convention two Islamic radicals from Brooklyn were arrested in a plot to bomb the Herald Square subway station. One pleaded guilty and cooperated with the investigation. The other was convicted in Federal court earlier this month. He was found guilty on all four counts.
17. NOVEMBER 2005: Uzair Paracha, a Pakistani-born resident of New York City, was convicted of providing material support to al Qaeda. While residing in New York, Uzair posed as an al Qaeda operative who wanted to disguise the fact that he had entered Pakistan illegally. Paracha's father, who had met Osama Bin Laden, was part owner in a Manhattan garment district business. It was suspected that Paracha's ultimate goal was to use that business's shipping containers to smuggle weapons and explosives into New York City
18. AND FINALLY ONLY A FEW WEEKS AGO, ON JUNE 6: Syed Hashmi, a Queens resident active in the New York City chapter of a radical Islamic group known as al-Mujairoun, was arrested in London where he was engaged in providing material support for al Qaeda fighters in Afghanistan.



## ATTACHMENT 2

Urban Area	2006	2005	Percentage Change
Phoenix	\$3,920,000	\$9,996,463	-60.79%
Anaheim/Santa Ana*	\$11,980,000	\$19,825,462	-39.40%
Bay Area, CA*	\$28,320,000	\$33,226,729	-14.50%
Los Angeles/Long Beach	\$80,610,000	\$69,235,692	13.80%
Sacramento	\$7,390,000	\$6,085,663	17.30%
San Diego	\$7,990,000	\$14,784,191	-46%
Denver	\$4,380,000	\$8,718,395	-49.75%
National Capital Region - DC	\$46,470,000	\$77,500,000	-40.20%
Ft. Lauderdale	\$9,980,000	N/A	
Jacksonville	\$9,270,000	\$6,882,493	26%
Miami	\$15,980,000	\$15,828,322	0.95%
Orlando	\$9,440,000	N/A	
Tampa	\$8,800,000	\$7,772,791	11.50%
Atlanta	\$18,660,000	\$13,117,499	29.60%
Honolulu	\$4,760,000	\$6,454,763	-26.47%
Chicago	\$52,260,000	\$45,000,000	13.80%
Indianapolis	\$4,370,000	\$5,664,822	-13.10%
Louisville	\$8,520,000	\$5,000,000	41.20%
Baton Rouge	\$3,740,000	\$5,226,495	-28.57%
New Orleans	\$4,690,000	\$9,305,180	-49.50%
Boston	\$18,210,000	\$26,000,000	-28.57%
Baltimore	\$9,670,000	\$11,305,357	-14.53%
Detroit	\$18,630,000	\$17,068,580	8.26%
Twin Cities	\$4,310,000	\$5,763,411	-25.37%
Kansas City	\$9,240,000	\$8,213,126	11.50%
St. Louis	\$9,200,000	\$7,040,739	23.66%
Charlotte	\$8,970,000	\$5,479,243	39.02%
Omaha	\$8,330,000	\$5,148,300	38.27%
Jersey City/Newark*	\$34,330,000	\$19,172,120	44.13%
Las Vegas	\$7,750,000	\$8,456,728	-8.26%
Buffalo	\$3,710,000	\$7,207,995	-48.45%
New York City	\$124,450,000	\$207,563,211	-40.12%
Cincinnati	\$4,660,000	\$5,866,214	-20.63%
Cleveland	\$4,730,000	\$7,385,100	-35.90%
Columbus	\$4,320,000	\$7,573,005	-42.86%
Toledo	\$3,850,000	\$5,307,598	-27.54%
Oklahoma City	\$4,102,000	\$5,570,181	-26.47%
Portland	\$9,360,000	\$10,391,037	-9.90%
Philadelphia	\$19,520,000	\$22,818,091	-14.53%
Pittsburgh	\$4,870,000	\$9,635,991	-49.50%
Memphis	\$4,200,000	N/A	
Dallas/Ft. Worth*	\$13,830,000	\$19,283,018	-28.06%
Houston	\$16,670,000	\$18,570,464	-9.90%
San Antonio	\$4,460,000	\$5,973,524	-25.37%
Seattle	\$9,150,000	\$11,840,034	-22.49%
Milwaukee	\$8,570,000	\$6,325,872	25.93%
	\$710,622,000	\$824,583,899	
* - Urban areas were combined in FY06, but were funded individually in FY05.			

## **ATTACHMENT 3**

### **New York City UASI Application Summary**

In December of 2005, OMB sent a memorandum to the affected City agencies explaining a new competitive process that was required by DHS for Federal Fiscal Year 2006 Homeland Security grant funding. Each agency conducted a comprehensive survey of the counter terrorism needs for their department, and prepared a submission.

After receiving input from the agencies, NYC OMB prepared a total of 15 proposed “investments,” the term used by DHS to describe the initiatives for which funding is sought. The City’s application sought a total of \$458.8 million. The categories of investments were:

- \$81.5 million for the Lower Manhattan Security Initiative;
- \$100 million for the Counter Terrorism Bureau and Operation Atlas; and
- \$38.2 million for Counter Terrorism equipment and training.
- \$27.4 million for FDNY Tiered Response Matrix for response to CBRNE and other disasters
- \$13 million to Continue FDNY implementation of NIMS and the National Response Plan
- \$5.5 million for FDNY Critical Resource Logistics and Grant Program Management
- \$7.7 million for FDNY Critical Infrastructure Protection and Recovery
- \$6 million for FDNY Strategic Management and Planning
- \$12 million for FDNY: Protection of the Waterfront (Critical Infrastructure Protection)
- \$82 million for Interoperable Communications
- \$40 million for DOT East River Bridge Hazard Mitigation Program
- \$21.3 million for DoHMH: Enhance Public Health Response Capacity
- \$10.8 million for NYC HHC: Public Hospital Preparedness and NIMS Training
- \$8.5 million for NYC DEP: Critical Infrastructure Protection and HazMat
- \$3.8 million for NYC OEM Citizen Preparedness and Public Outreach

Upon receipt of the City’s grant application, the State Office of Homeland Security forwarded the application to DHS properly and on time.